A WORD AND A PICTURE ABOUT

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COOPERATIVES

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INTRODUCTION

This is a collection of ideas about cooperatives, presented in a word and picture style. The ideas are not original.

They have been handed down to us over a period of years and many of them have been initiated by people whose identity is not now known. They have been activated and practiced by others, and some of the ideas and phrases that are used are undoubtedly familiar to the reader from other reading or discussion of cooperatives. However, it is hoped that a collection of them, as presented herein, may serve the purpose of creating a better understanding of the Farmers Union and its coordinated program of Education, Legislation, and Cooperation.

It is important that we realize that the problems of people will not be solved by any one approach. The problems are too complex for that. They require a coordinated program, progressing from all sides at the same time and constantly tied to the basic concept of the general welfare of all people.

Stanley W. Vogt

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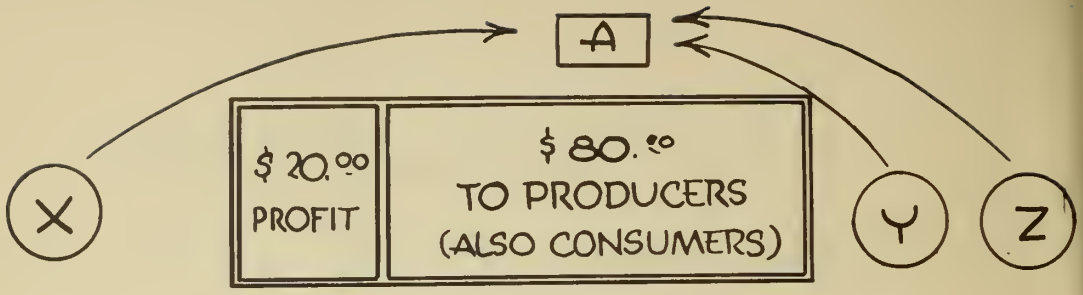


OUR ECONOMIC SYSTEM · · *Will it Work?*

Let us take any item in the room, or wherever we are, and analyze the costs that go into producing that item and getting it into the hands of the consumer. We might use a chair, a desk, a window glass, a fork, knife, automobile, or anything we wish for an example. Everything will have the same general costs that are included in the selling price of any item. These will be:

Material cost
Factory overhead
General selling & administrative expense
Freight costs
Labor or wages and salaries
Manufacturer's and Dealer's profits

Let us take one of the above items, as for instance, 'chairs', and assume that we are all making chairs. We either work in the forests cutting the trees, work in the lumber yards sorting and selling lumber, or we work in the factory making the chairs. Or perhaps we are salesmen or work for the railroads that freight the chairs out to the consumers. But when we, as consumers, try to buy back the chairs we have produced we find that an additional item has been added to the selling price over and above the cost of producing the chairs. That item is profit. Let us not confuse profit with what the dealer and manufacturer can fairly receive as salaries. Profit is over and above that also. It is earnings on capital invested. The chairs are going to cost us more than we have earned in producing them. And this is true with any item that we might want to consider.

Now let us assume that, in our nation, we all work under one management, whom we shall call Mr. X. Farmers, laborers, doctors, lawyers, clerks, officials, and all the rest, work for one huge corporation. This corporation, with our labor, produces the food we eat, the clothes we wear, the homes we live in, the cars in which we travel. It produces everything from soup to nuts, from pins to locomotives, everything that is necessary and desired for people to live as we do.

Then we'll assume that all of us who are producing goods and services receive for our labor or other costs, as itemized above, $80.00 a year. But the total of what we have produced is going to cost us $100.00 when we try to buy it as consumers, for under a profit system the corporation must make its profit. The problem then results that the corporation has all of us for its customers and has good and services to sell at $100.00 but we have only $80.00 with which to buy; so how are we going to buy all that we have produced?

We shall consider several possibilities and see what their results would be. And we shall note as we proceed that all these possibilities do exist in our economic system.

Possibility No. 1

1st Year		2nd Year	
		(with $\frac{1}{4}$ of us unemployed)	
$100.00	Selling price	$ 80.00	Selling price
80.00	Consumer's buying power	60.00	Consumer's buying power
$ 20.00	Materials we cannot buy	$ 20.00	Materials we cannot buy
		20.00	From previous year
		$ 40.00	

We have seen that we can buy back only $80.00 worth of goods, so the next year Mr. X has $20.00 worth of goods already produced which he has not been able to sell. That being the case, and since he knows we can only purchase $80.00 worth totally he decides he won't produce as much since it would only be a surplus as far as he is concerned. Since he isn't going to produce as much he can lay off part of the labor, so $\frac{1}{4}$ of us find ourselves out of work. Those of us who are still working receive now only $60.00 for our services and produce materials that sell for $80.00, which with the $20.00 of materials left over from the previous year make a total of $100.00 again, but now we have only $60.00 with which to purchase this amount of goods. Well, you can see how this situation would only continue to get worse. It's hard to tell what has happened to those of us who are thrown out of work. We'll consider another possibility.

Possibility No. 2

1st Year	
$ 80.00	Consumer's buying power
20.00	Loaned to us by Mr. X
$100.00	With which to buy what we have produced.

2nd Year

	$100.00	Selling price
	20.00	Profit
	$ 80.00	Consumers buying power
Less	20.00	Repayment of loan
	$ 60.00	
Less	1.00	5% interest on loan
	$ 59.00	Remainder with which to purchase $100.00 of goods.

We have received $80.00 and have produced materials that sell for $100.00. Since we cannot buy all we have produced, Mr. X. lends us $20.00 so we will have $100.00 with which to buy. This is fine and we go on producing the next year. We receive $80.00 again for work we have done, produce materials costing $100.00, and the same situation is present as the previous year. Except that now we must pay Mr. X. the $20.00 we owe him and that leaves us only $60.00 with which to buy, even less than that, for we must pay him 5% interest which amounts to $1.00 and thus we have only $59.00. We need to go in no more detail to show how this possibility will work out just as the other one did.

Possibility No. 3

(Refer to Illistration at beginning)

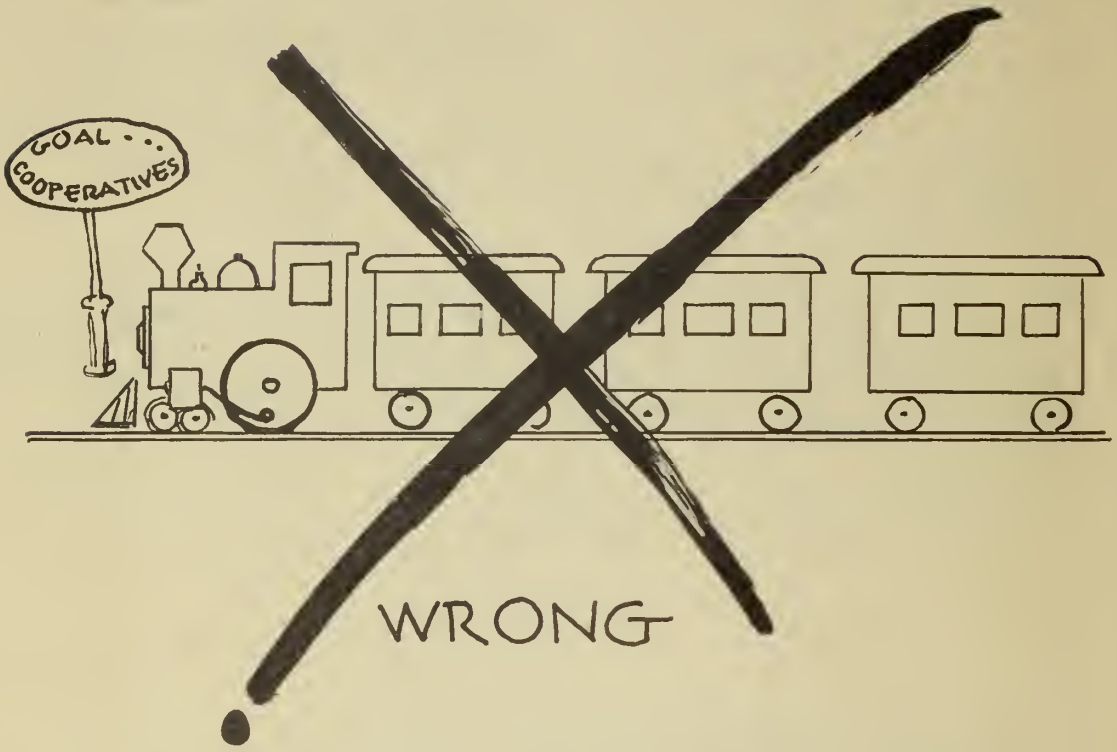
We go back to our original situation again when we receive $80.00 and produce $100.00 of materials. Mr. X sees that he is not going to sell us the surplus $20.00 worth of goods so he looks around for another market. In another part of the world is a nation we shall call A on the diagram. It is undeveloped; it has no manufacturing to speak of; the people are poor and backward. But there is a market for the goods that Mr. X has. So he takes his goods there with the intent of marketing them to the people of nation A. However, other nations, developed such as ours, have been having the same difficulties, and Mr. X finds when he gets to A that Mr. Y and Mr. Z are also attempting to sell their goods to the people of A. And what happens? They bump into each other and we find rivalry - trade wars - economic wars - and finally, people's wars.

In an expanding economy, with new goods to be produced, new people to be supplied, private business has used its profits to build its factories and facilities greater in order to produce more. This expansion on the part of industry created additional work so that theoretically the $20.00 profit found its way into the pockets of the people for their additional work, and thus the circle was completed. Actually, however, it wasn't all used for that purpose Wealth was held back, hidden away in investments in real estate,

bonds, stocks, banks and in speculation. It remained dormant as far as providing work is concerned and little by little the problem grew. Technilogical advances, whereby one man has been enabled to do the work that previously required many men, throw more men out of work and thereby reduces purchasing power. The problem becomes intensified. The people can not buy back all they have produced, so production is out to bring it in line with demand. Restricted production, enforcing scarcity, to maintain high prices and big profits. Unemployment, poverty and wars. And what is the answer to all this?

We, the people, should own for ourselves the wheels of production, the factories, farms, power plants, mines, forests, stores, and everything needed to produce for our needs and wants. We can do that through building cooperatives and filling our needs at the cost of producing - service to ourselves at cost.

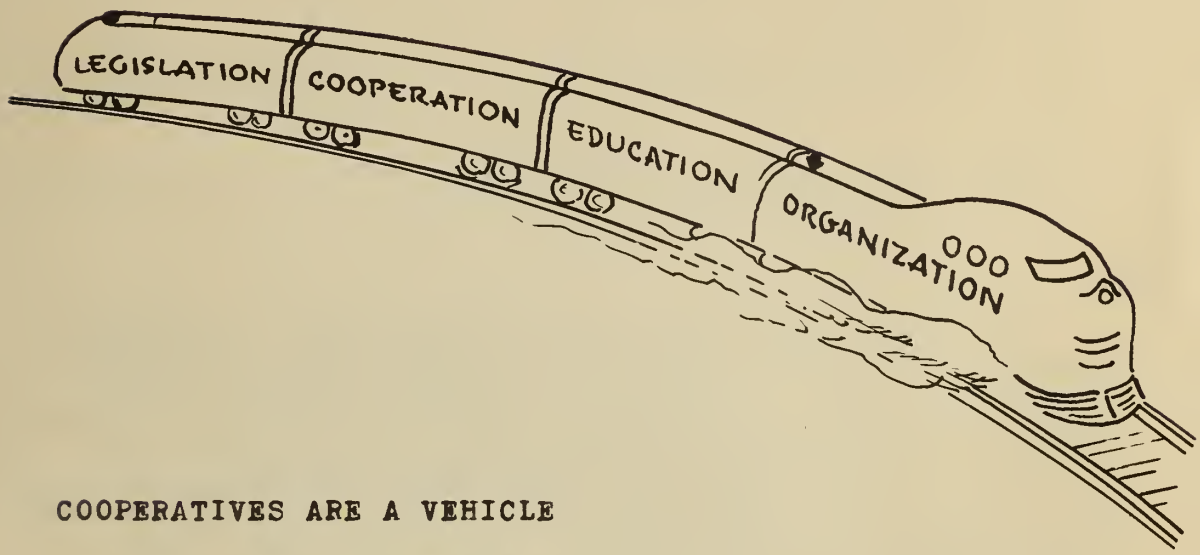
WHAT IS OUR FARMERS UNION GOAL?



Let's cross that out. It's an old fashioned train and it couldn't be the train we're traveling on because we're not going in that direction. It's the wrong train, the wrong goal, and we're not traveling that road.

WHAT IS OUR FARMERS UNION GOAL?

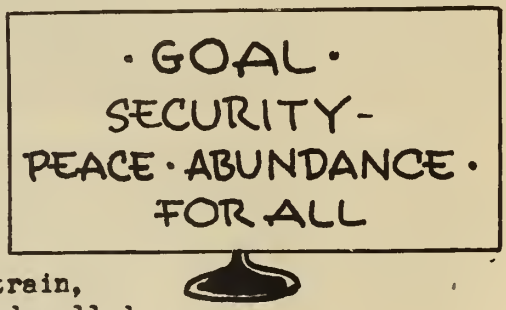
RIGHT!



COOPERATIVES ARE A VEHICLE

Ah! Now here is our Farmers Union Rocket going down the road to security, peace, and abundance for all people.

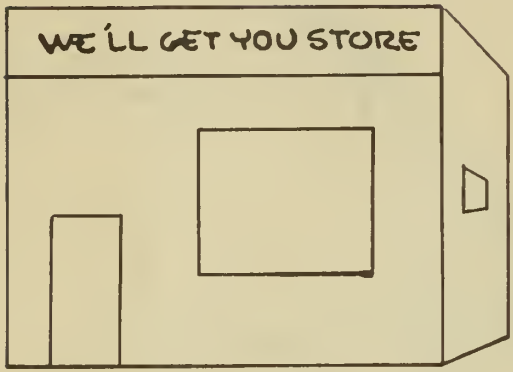
It is an up to date streamliner with plenty of power behind it. The power is supplied by the people.



This is the right road, the right train, the right destination. Held together and pulled forward by Organization, we are riding the cars, "Education, Cooperation, and Legislation," along the rails to our ultimate goal.

Some people have the mistaken idea that building cooperatives is our goal in the Farmers Union, that cooperatives alone can solve all our problems. This is not so. Cooperatives are a vehicle, one of the vehicles upon which we ride to reach our destination.

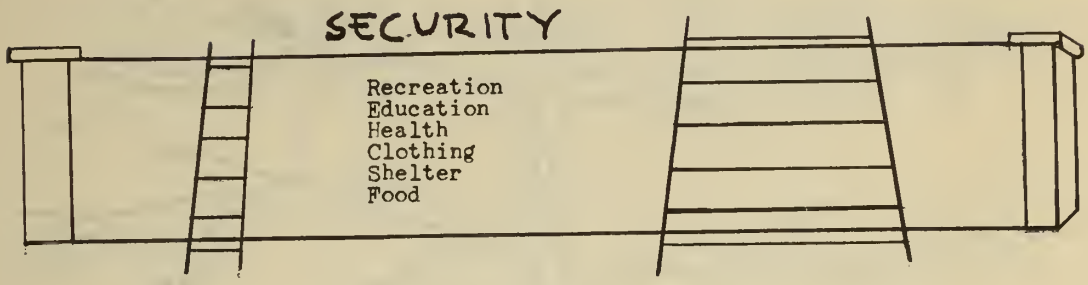
UNDER NEW MANAGEMENT



Look back through your history book. Periodically people have been extremely hard up, more so than at other times. There have been times of great distress when jobs were scarce, farm prices low, people starving. Those people searched for something better. They elected new government adminiatrations, new officials, and they thought, "Now things will be O.K." Well, what happened? They always woke up to the fact that they had the same old economic system, only under "new management". The new management could install certain new practices, could apply salve and ointment to raw wounds and aching muscles; but basically could do little, and gradually conditions developed again just as they had been.

As with a cancerous growth, salve and ointment have no lasting effect. We must get to the root of the trouble. By building cooperatives, all kinds of them, everywhere, and by carrying on a legislative program, the first objectivesof which is the welfare of people, we are driving deep to the point where we can cut out those trouble spots.

LET'S TALK ABOUT COOPERATION



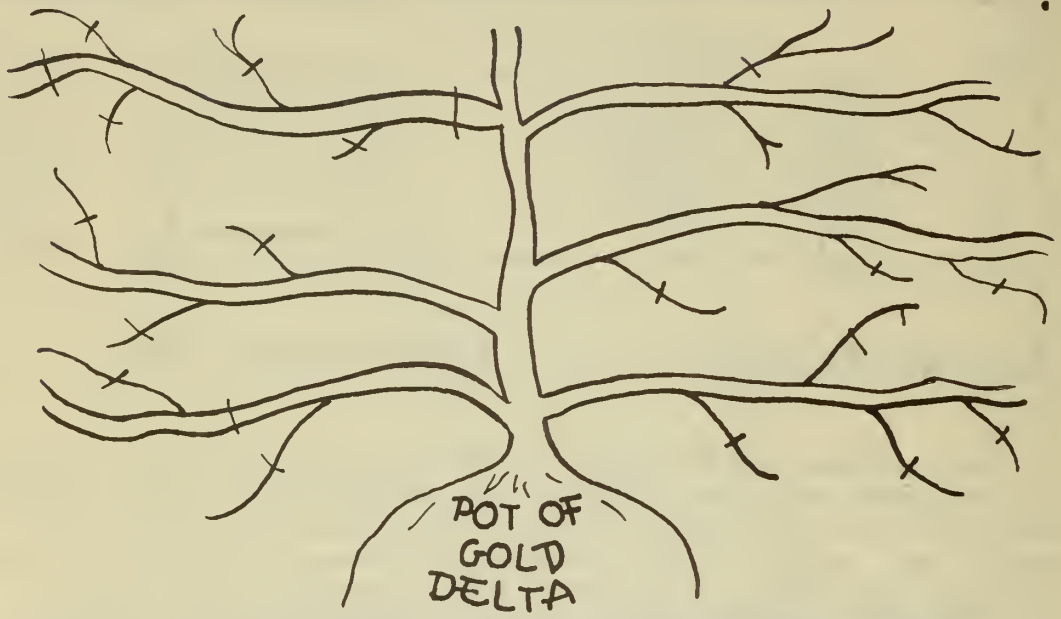
COMPETITION - COOPERATION

Here we have two ladders. One is narrow with room on it just for one person at a time. That is the competitive one that we have been trying to climb, everyone at the same time, getting in each other's way, using our fists and feet when necessary, knocking each other off the ladder. Everyone in a mad scramble to get to the top, fighting, cursing, using underhand methods and even using people, or the wrecks of people as stepping stones in order to find a place on the ladder and start our climb upward. And then, some of us already part way up, found ourselves jarred loose; and we fell to the ground to start all over again. Those few who have reached the top are jealous of their position; and once in a while they give the ladder a shake and the "would be's tumble down. It is a lot like a foot race. Perhaps there are 10 contestants, but only one can win. The rest are losers. Magnified millions of times, that is we in our attempts to climb that narrow competitive ladder.

Now, consider the wide ladder, the one of cooperation. It has all the rungs of the narrow one, but there is room for all of us on it - farmers, city workers, all people. We climb it not by scrambling and fighting, but by working together and helping each other. It is a big ladder and a strong one; and by all of us using it intelligently and with understanding, we can all reach the top of the wall that bars us from security. However, the ladder must be prepared to withstand the assault of winds and rains and storms. It must be kept in good repair, painted and braced if weak points appear.

We must cooperate in all things - the way we do business, legislative affairs, the way we live, our relations with other groups and with other nations.

WE BUILD COOPERATIVES - HOW DO THEY HELP US?

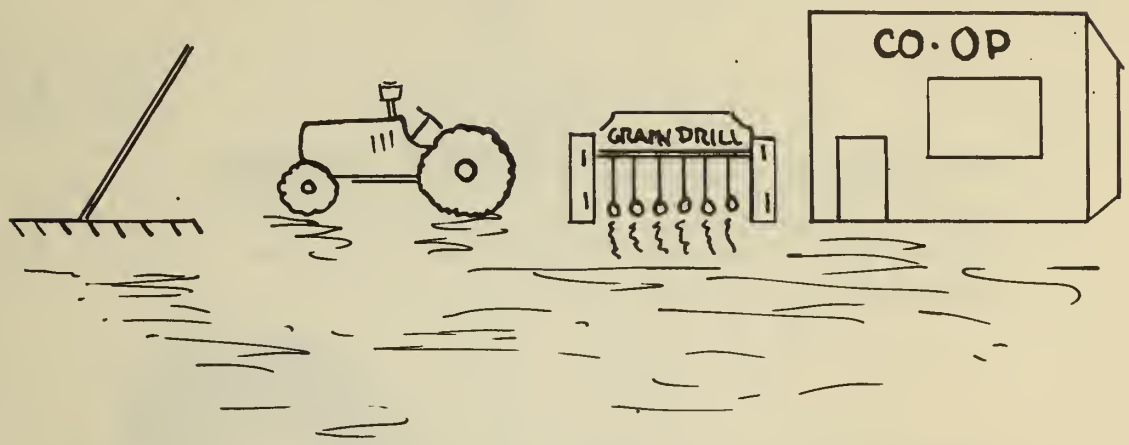


Here is a rough diagram of the river system that covers two-thirds of our nation, from the slopes of the Alleghenys to the peaks of the Rockies. The water comes down from all the hills, the creeks, the streams and the rivers, down to the Mississippi, and eventually to the delta region and the Gulf of Mexico. It fans out, leaving deposits of rich top soil.

Now let us compare this river system to our streams of commerce. The money we have spent for goods and services has found it's way down all the streams and tributaries, finally ending up in a pot of gold or the delta region of our economic system. This is the concentration of wealth into the hands of a few people and corporations.

In our rivers we have constructed dams to hold back the water to prevent floods and generate power. In our streams of commerce we have also built dams. These dams are our cooperatives, barriers to hold back the flow of wealth and generate power too - for the people. They retain savings in the communities where it can do the greatest good for the greatest number. We haven't built enough dams in our rivers to harness and control flood waters and make the rivers work for the people. Neither have we built enough dams or cooperatives in the rivers of our economic system. However, we are attacking the system that makes people go hungry, be unemployed, that sets prices of 5¢ on beef, 30¢ on corn, 40¢ on wheat, while cotton goes begging and pigs are plowed under. We are placing the means of production and distribution in the hands of the people.

CO-OPS are TOOLS



Yes, cooperatives are tools or implements just like a rake, a tractor, or a grain drill -- tools to do a job for us. They are tools to bring consumers and producers closer together, not in the interest of profit for a few; but in the interest of service for the many, eliminating waste and unnecessary expense. They are tools designed to work for better living for all people, and tools which will remove greed and selfishness from the channels of commerce and substitute in their place, democracy and brotherhood.

WHAT ACTIVITIES CAN CO-OPS PARTICIPATE IN?

Cooperatives can participate in all activities in the field of business. We have cooperative oil companies, elevators, stores, creameries, livestock associations, hospitals, cotton gins, credit unions, burial associations, insurance companies, resturants, poultry marketing, hatcheries, seed and feed houses, fertilizer companies; and the list could go on and on.

There are all kinds of cooperatives serving us -- all in the fields of MARKETING our products, PURCHASING needed supplies, of providing SERVICES.

DO THESE COVER ALL OF PEOPLES NEEDS & WANTS ?

HOW ABOUT ?

Health facilities

Better roads

Valley authorities

Education

Jobs for all

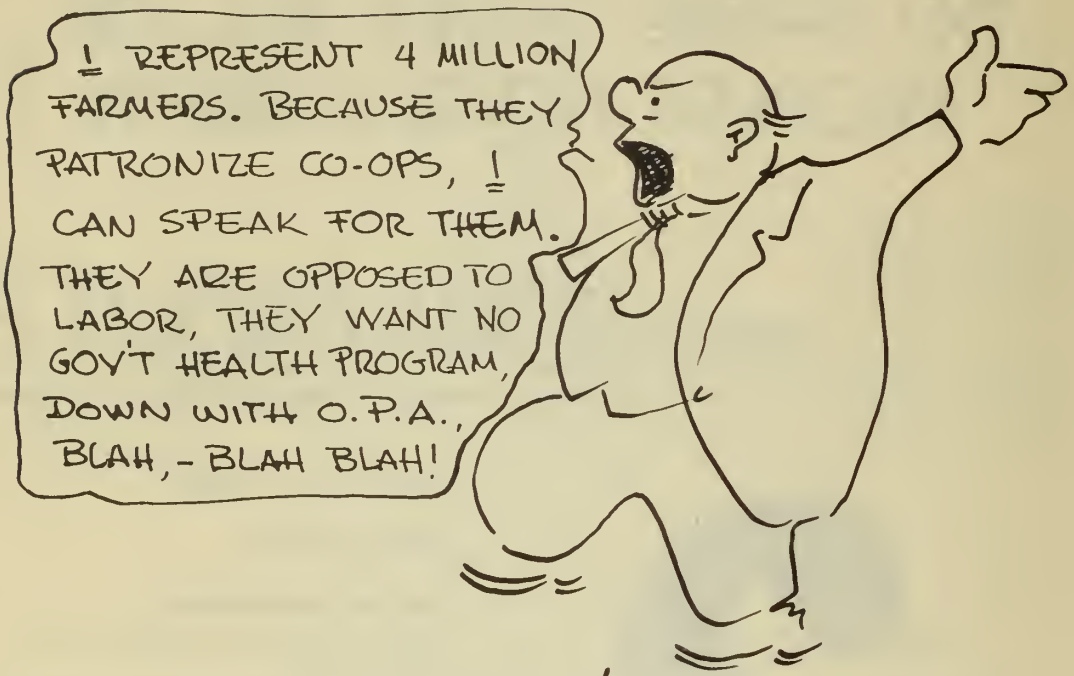
International relations

Better housing

Race discrimination

Aren't these, and many more, problems of vital importance to people? Problems that must be settled if we are to live in abundance, peace, and security with other nations and people?

CAN CO-OPS SOLVE THESE PROBLEMS?



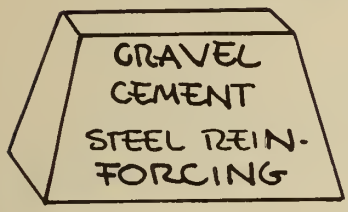
NO!

Cooperatives are business enterprises. You patronize them, market your products, purchase your needs and services through them. But because you do, does not mean you expect or want co-operative leaders to go to Washington and represent you on these vital issues. Because you patronize your co-ops does not mean you are giving away your right to be heard. You want a voice in deciding these things.

You have your Farmers Union Local where you discuss with your neighbors the current issues, and then you take action. You act through your Local, County, State, and National Farmers Union. You help to write your Farmers Union program each year, which states what we, as farmers, think is needed for people's welfare.

Your cooperative is a tool for one person - your Local is a tool for another.

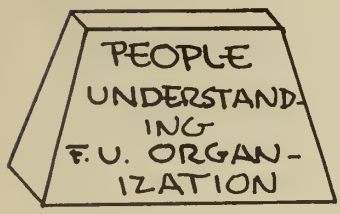
WHAT ARE CO-OPS BUILT FROM?
WHAT ARE THESE DAMS?



? NO

Our dams are not built of these substantial items that can be tied together and made strong so they will last through the ages and withstand all assaults.

YES



Our dams or cooperatives, are built from people. The people standing together, compare with the gravel in the dam pictured above. Forming the mortar that cements the people together is understanding. The steel reinforcing that really binds the people and their understanding together and makes a structure that cannot be assaulted by any force is Farmers Union organization.

Some cooperatives are built with just people piled on top of one another. Others are built using some cement. These kinds are weak and ineffectual. They cannot hold back flood waters for long. A little pressure upon them and they will break, for people, just by themselves, are sometimes weak. Or perhaps an enemy goes to work to break down that dam. He takes a chisel or a pick and, one by one, he picks off the people until the structure collapses. There is no reinforcing, no binding; and a loose-knit structure can be easily destroyed.

But - if you have your Farmers Union, with it's educational and legislature programs as reinforcement, our dams can be built strong, can be built to last forever. People can be strong - our cooperatives can be strong - just as strong as we will build our organization to make and keep them that way.

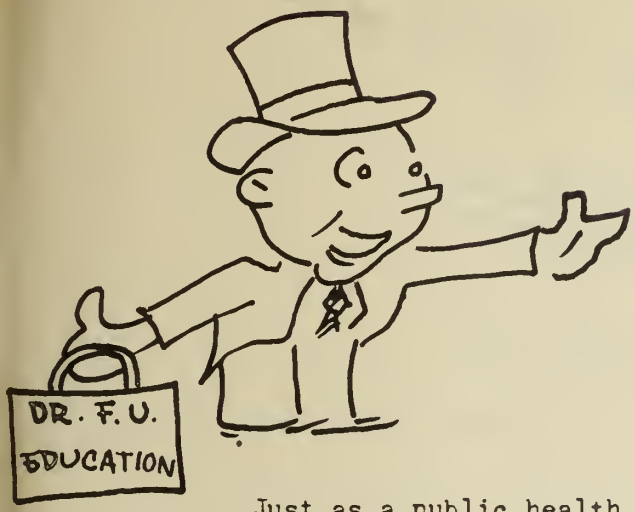
However . . .

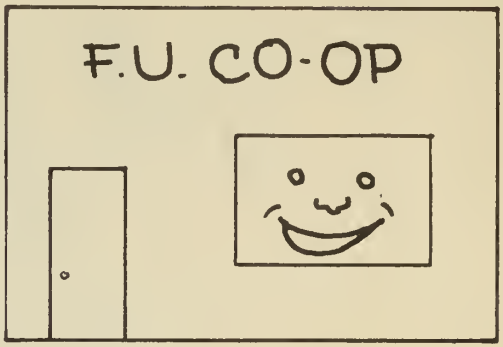
CO-OPS CAN HELP SOLVE THESE PROBLEMS.

Yes, Co-ops can help, and help substantially, by being affiliated with a people's movement such as the Farmers Union. The use of your Farmers Union and your cooperative are like washing your hands. You can do fine washing them together. Now put one hand behind your back and try washing the other by itself. It's a tough proposition, isn't it? Now reverse the process. It's still tough and you have a heck of a time trying to wash one hand alone. But put the two together and you have no trouble. That is the relationship that should exist between your co-op and your Farmers Union.

Your cooperative can be affiliated with the Farmers Union by checking off the dues of its members, from their patronage savings, into the Farmers Union, or by paying an educational fund to the Farmers Union to be used in conducting an extensive educational program. Many cooperatives do both, recognizing the need and worth of an organization that binds the people together with understanding. Members of these cooperatives realize that the betterment of people's welfare is their goal; and by affiliating with a people's movement, they are so indicating.

EDUCATION IS HEALTH INSURANCE FOR CO-OPS





Just as a public health program is necessary to protect the health of our people, so is it necessary to have a program that keeps our cooperatives in good health so they can really do the job we expect of them. The health program for our cooperatives is the educational program of our Farmers Union. It teaches people the need of organizing and what we can do through organization we cannot do as individuals. It promotes cooperative philosophy, the need for cooperatives, the best means and techniques of building them and making them real instruments of democracy. It educates people in their responsibilities to their cooperatives as members and board members. It stresses the new social order we are building rather than mere balance sheet businesses; and, by creating real understanding among the members, cooperatives will prosper during both bad times and good.

By building an organization of people, those things co-ops cannot secure for us can be achieved by using another tool - legislation.

Cooperatives, as pointed out before, can help with this program by becoming affiliated with the Farmers Union, thus evidencing their desire to build a real people's movement. This is the health insurance for cooperatives, the prepaid hospital and medical policy by which our cooperatives should be covered. It is preventive medicine.

PUT UP YOUR DUKES!

All right, now we have our cooperatives supporting our Farmers Union and the Farmers Union promoting an educational program that builds more organization and cooperative growth and understanding. This being the case, we are ready to go into battle on all fronts for what is good and decent and necessary for the welfare of people.

When you start out to lick an adversary, you clench your fists - you go at him like a man; and if you are well prepared, you can do a man-sized job of it and come out the victor. You do not enter a fight with one fist tied behind you - not if you want to win. You use both fists. With our forces organized and our fists up, we are ready to deliver the old one - two punch that can rid us of Old Man Trouble, and establish in his place, abundance, peace, and understanding.

"Mr. Farmer:

which way do you vote?"

"I will support our cooperatives
with my entire patronage"

Whether it's a gallon of gas or a truck load, a pound of cotton or a bale, a bushel of wheat or corn or a crop, a pound of butter-fat or a thousand pounds, a steer or a carload -- do you patronize your cooperatives?

There is nothing so small that we can say, "It doesn't matter." There is no place at which we can stop and say we can go no further, can do no more. Either we believe in cooperation or we don't.

Do you know that every time you market any of your products or buy any of your supplies, you are casting a vote for an economic system, just as surely as you cast a vote at the polls on election day. Yes, you are casting a vote, and that vote will serve to make one side or the other a little stronger -- cooperation versus competitive profit -- abundance versus scarcity -- brotherhood versus greed. Mr. Farmer, which way are you voting when you go to town?

Do you get mad at your cooperative because you don't like the manager? So you refuse to patronize it? If you had a fight with your hired man, you wouldn't go off and leave the farm to him. Hardly, you say. Well, it's the same thing. The co-op is yours and the manager is your hired man.

So you get mad if your co-op doesn't pay back any cash savings, and so you go trade with Standard Oil? And how much savings do they return to you?

If a Senator or Governor, whom you oppose, is elected, you don't say, "To heck with it," and move out of the State, do you? No! If you can't get along with your neighbor you don't just move away. No! You just cannot "resign from the human race." You must stay in and try to get along with people, try to change things, if you like, to be as you think they should. In any kind of a democratic process, such as we have in our cooperatives, that is the way we must function. That is democracy.

Your cooperative might seem to forsake you sometimes, but you can never forsake it. You must stay in there and pitch and pitch and pitch until things are changed for the better.

YOU'VE PAID FOR THESE BUT YOU DON'T OWN THEM

(the stores you Patronize)

MAIN STREET

Yes, folks, all of those stores up and down Main Street, chain stores, links of huge corporations, you have built and paid for; but you don't own one little bit of them. Your patronage has paid for them, paid big salaries of executives in New York or Chigao, paid the taxes, the monthly bills, the inventory, all the overhead, paid for everything. In fact, there is nothing you own there in town except your cooperatives.

You have paid for your cooperatives too, paid for their expansion, paid all their expenses; but it is only right that you have, for you own them. They are yours and your neighbors. Your patronage has built them too; but through them, you are serving yourself at cost, retaining the savings in the community instead of having them drained off down the rivers of commerce into the pot of gold of our economic system.

FACTORIES ARE FREE ...

Free for the People!

Yes, factories are free for the people. All we must do to obtain them is to want them - want them and patronize our cooperatives. "From little acorns mighty oaks will grow," was never more true than when applied to the growth of cooperatives.

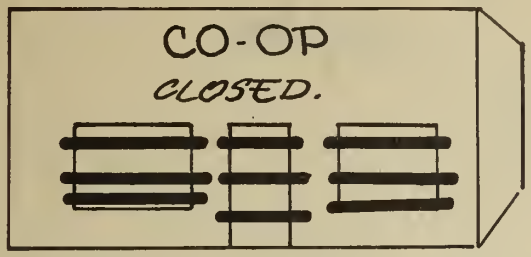
In 1844, an idea was born in the little town of Rochdale, England, The result of that idea is stores, business, banks, and factories cooperative owned, in almost every country in the world.

In 1931, with but $500 cash invested by a few individuals and local cooperatives, a cooperative wholesale was organized in St. Paul. This is the Farmers Union Central Exchange. Today the assets of this cooperatives wholesale are measured in millions and its business, owned by farmers through their local cooperatives includes oil refineries, processing plants, warehouses, and interest in factories producing for the needs of farmers.

In 1938, with $30,000 borrowed capital and the faith of cooperating farmers, the Farmers Union Grain Terminal Association was organized. Today, with huge terminal elevators from coast to coast, feed pricessing plants, hemp mills, lumber yards and warehouses, it is one of the largest handlers of grain in the United States - and all cooperatively owned.

Well, how did all this happen? It wasn't just an accident. No, it was planned by farmers who are building cooperatively to supply themselves with needed goods and services and toward creating a new social order which has brotherhood and service as its motivating force. Sure, these cooperatives made huge savings for their patrons, but most of those savings, by vote of the members, remained in the co-ops to be used for expansion and providing processing plants. See? Factories are free for people - for those people who want them and understand how they can get them.

CO-OPS CAN FAIL ·· CO-OP PRINCIPLES REMAIN



1. One man - one vote
2. Patronage savings
3. Limited earning on capital
4. Open membership

During the development of cooperatives, some have failed. Co-ops can fail just as any other business, but those co-ops have not built well, have not built soundly. They have not been tied in with an organization that carries on an extensive educational program; there was little or no understanding among the members; true cooperative principles and practices were not followed.

In some areas, years ago, there were many cooperatives, co-op cotton gins, stores, creameries, oil companies, and even banks. Even today you can see occasional deserted store buildings tumbling down, and on their front in faded letters, "Co-op Creamery" or "Co-op Store" appear. What happened to them? Why did they fail?

The people had no program of education: they were not acquainted with true cooperative philosophy. Credit was extended, hard times came, competition cut prices; and the members went elsewhere to trade, the co-ops couldn't pay their bills, and they went under. They had lost their patronage because of the lack of understanding among their members.

Yes, co-ops have failed and can fail, but the principles upon which true cooperatives are built cannot fail, and cooperatives can be rebuilt upon a firm foundation if those principles and practices are adopted. It has been proven through the years and in thousands of instances that cooperative principles and practices are sound and, if followed, will produce real service institutions for the people.

"Co-ops can prosper — and still go broke!

We know that co-ops can go broke financially. But they can prosper financially and still go broke as far as people's welfare is concerned. And this is what happens when a cooperative is not tied in with a people's movement such as the Farmers Union. The co-op loses sight of the needs of people and is interested only in building a good balance sheet. As a tool of the people working for a new social order and the betterment of all mankind, these cooperatives are failing in their responsibilities. They are becoming just another business, with no other purpose or motive than to make money, no matter how they must do it. This can be true of local co-ops, regional co-ops or national co-ops.

A huge cooperative association in England has expanded its facilities to the point where it owns stores, banks, factories, steamship lines, farms, and even tea plantations in Ceylon. On these tea plantations, native labor is employed and is paid only a few cents a day. The same exploitation of human beings, that occurred under private ownership, continues under cooperatives ownership.

That isn't the kind of society real cooperative philosophy envisions. The brotherhood of man ideal makes that kind of cooperative appear pretty shallow.

HOW HAVE CO-OPS BENEFITED US FINANCIALLY?

Some people have the idea that cooperatives are set up to make money for their members. These people are chislers. They are interested only in the amount of savings the cooperatives returns to them in cash at the end of the year. When margins have been cut way down and the co-op finds it difficult to make farther savings for its members, or when the savings are held back for expansion purposes and stock is issued in place of it, then these so-called cooperators say, "What good is the co-op to us?" and they take their business elsewhere.

When margings are cut, the savings have been made at the source, actually one of the objectives of cooperatives. The savings returned to the members at the end of the year are a very small part of the total savings cooperatives have made possible.

In one community, and this is true in thousands, in 1928 the price of gasoline, wholesale to farmers, was 35¢ a gallon. Tractor fuel was 15¢ a gallon and oil was $1.25 a gallon. Up and up, never down. The major oil companies pushed their prices as high and even higher than the traffic would bear. Then the Farmers Union, with its cooperative program, entered the picture. In this community, a Farmers Union Oil Company was organized. It has small beginnings with only a few dollars to start with. That small beginning was duplicated in hundreds of communities. And what was the result? The price of gasoline has gone down and down and down, always undercutting, trying to get business away from the co-ops. The price of gasoline, wholesale to farmers in that community, today is 17¢ a gallon, oil is 70¢ a gallon, tractor fuel is 8¢ a gallon, and prices of all farm supplies have come down accordingly.

CO-OPS Do PAY TAXES

Because cooperatives are a vehicle on which people are riding down the road to security, and because they are attacking the entrenched money interests and are making inroads into their huge profits, there are strong enemies attacking them.

The most recent attack has been pushed by the National Tax Equality Association (NTEA) which has as its members big business representatives and small business men who have been duped by the propaganda of this organization. They argue that co-ops do not pay taxes and have an unfair advantage over other business. Their arguments are misleading and often are outright lies.

Co-ops do pay taxes, all the taxes that any business pays, local, state, and federal. There are some farmer-producer cooperatives which are exempted from paying federal income tax if the bulk of their business is done with producers. All other cooperatives pay even this tax. But cooperatives have no income, no profits, so how can they be liable for income tax. The earnings made are savings which belong to the members upon the basis of their patronage during the year. These savings, whether in the form of cash or stock, must be included in the individual's income tax return. In other words. it is merely an overcharge collected at the time of the transaction and returned to the patron at the end of the year. The cooperative makes no profit, has no income, but is set up as a service institution to serve its members at cost.

Remember this, too. It is the patron who pays the taxes, as well as all expenses, of all business enterprises, cooperative or otherwise, through increased costs of goods and services. Now ask yourself, do you want to pay your own taxes or the taxes of some big profit business? Will they appreciate your paying their taxes? You must do one or the other. Which will it be?

ARE CO-OPS *Dangerous* TO DEMOCRACY ?

DEMOCRACY
(from Greek)

DEMOS KRATEL
(meaning)

PEOPLE RULE

When we analyze the word "democracy", we find it is derived from the Greek "demos", meaning people, and "kratel", meaning rule. In other words, "people rule". All right, now let's write out the above question again:

PEOPLE PEOPLE'S RULE
ARE ~~CO~~---~~OPS~~ DANGEROUS TO ~~DEMOCRACY~~?

Let's cross out the word "co-op" and insert "people". We found out, didn't we, that our cooperatives are built from people? (see diagram 7). And in place of "democracy" let's insert "people's rule". And now, what do we have? "Are people dangerous to people's rule?" It becomes a rather silly question.

But our enemies in the economic world try to convince others that cooperatives are undemocratic and un-American. In reality, they are as American as our flag because they put the democratic principles in which we believe into our business world. Human rights are given preference over money rights. It would seem that we could adopt a new cooperative axiom that co-ops are no more dangerous to democracy than the people themselves.

If we consider that democracy is the political expression of Christianity, then it naturally follows that cooperation is the true economic expression of Christianity.

THE DIFFERENCE

THE COOPERATIVE	THE CORPORATION
Nature	**Nature**
Organized people	Organized money
Purpose	**Purpose**
To serve its members at cost.	To serve the public for profit
Methods	**Methods**
1. Each member has one vote and only one vote. Democracy - the people rule.	1. Each share of stock has one vote. Plutocracy - money, in control of the few, rules.
2. Capital is paid a minimum rate of interest. Money is the servant of the people.	2. Capital received all the profits. Money is the master.
3. Surplus savings are distributed to the members in proportion to their patronage. The people receive the benefits.	3. Profits are distributed among the stockholders in proportion to their holdings. Money receives the benefits.
Results	**Results**
Wealth is equitably distributed among the many.	Wealth is centered in the possession of the few.

HUMANITY versus GREED

PEOPLE versus MONEY

In 1844 in Rochdale, England, a little group of almost destitute weavers started a little cooperative store. They adopted certain principles to be followed out in the conduct of their business, and these principles have become recognized the world over as the basis upon which true cooperatives should be built.

1. One member - one vote. (No matter how many shares of stock or how much money he has invested, the member receives but one vote.)

2. Limited returns on capital. (The money invested receives a stipulated rate of interest.)

3. Patronage savings. (savings made by the cooperative are distributed to the members in proportion to the patronage. or amount of business, they have done with their co-ops.)

4. Open membership. (Cooperatives are democratic. No one is excluded from membership because of his race, creed, color, or political beliefs.)

In addition, certain practices have become recognized as being sound business for cooperatives, and these have been generally adopted.

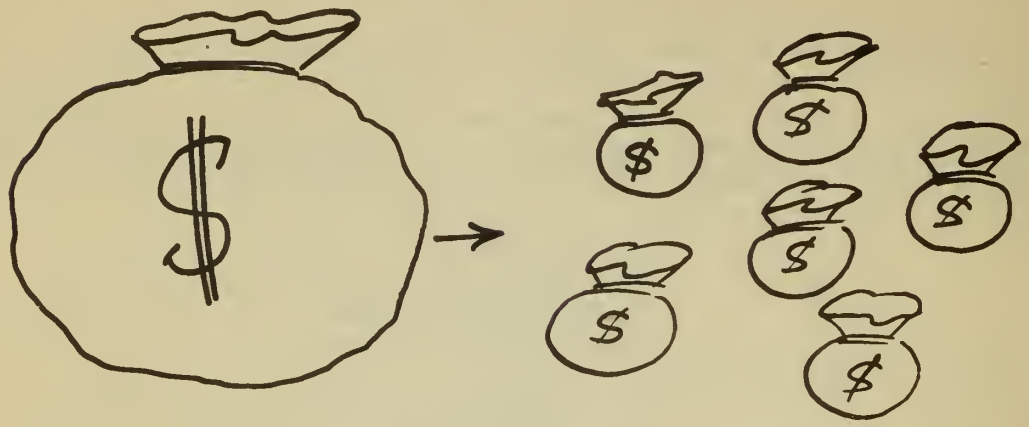
1. Good managements. (A manager versed in cooperative philosophy and with business ability.)

2. Efficiency. (Elimination of waste and duplication.)

3. Cash trading. (Extending credit is not democratic for all members are not treated alike. Extending credit has caused the downfall of many cooperatives.)

4. Constant education. (Support of an educational program, such as the Farmers Union, which promotes cooperative philosophy and works for the welfare of people.)

HOW ARE PATRONAGE SAVINGS DISTRIBUTED?



Let us consider the case of a farm supply cooperative doing business in gasoline, oil, grease, hardware, twine, rope, etc. This co-op has 100 members who have each invested $50, or purchased a $50 share of stock. That means $5,000 investment. This cooperative enjoys a flourishing business and at the end of the year, the volume totals $60,000. With that $60,000, the cooperative has had to purchase all the supplies it sold, pay its employees, pay taxes, interest on stock, heat, light, and all the overhead items involved in running a business. When the yearly audit is made, it is found that the co-op has made nice savings of almost $7,000 for its patrons. From this amount, a reserve fund for emergency or expansion is set aside and an educational fund is paid into the Farmers Union State Organization. Let us say that these two items, after they are deducted, bring the balance to $5,000 for distribution to the patrons. $5,000 is 8.3% of the total volume of business transacted.

Now here is John Jones - he has purchased $500 of gas, oil, and supplies from his co-op during the year. His share of the savings, or his patronage refund, will be:

$500.00 X .083 or $41.50

Harry Brown has purchased $300, so his savings are:

$300.00 X .083 or $24.90

That is just that much more wealth that does not concentrate in the hands of a few people, but remains in the community to help build community life and help the people who really need it.

FOR EVERY RIGHT . . A DUTY

Every member has definite responsibilities toward his cooperative. There is a saying, "For every right there is a duty". We enjoy many rights and privileges in our cooperatives, and we must protect those rights by assuming our responsibilities.

It is our duty as members and part owners to patronize our cooperatives. It would seem crazy not to, wouldn't it? That would be the same as the owner of a shoe store going across the street to patronize his competitor. The member's patronage should continue regardless of the opinion he might have of any individual. Remember, the business does not belong to the manager or any other individual. Let no personal animosities interfere with your patronage.

It is the member's duty to attend the annual stockholder's meeting and take an active part in the affairs of his business. At his meeting, he can help decide on policies to be followed; he helps elect a board of directors; and perhaps he, himself, is elected on the board, and then he assumes more responsibilities. He should make helpful criticisms toward the better conduct of the business.

Every member of a cooperative should be a fieldman, telling other people about the co-op and what can be accomplished by organizing and pulling together.

The member should always be on the alert to see that his cooperative is being run right and according to true cooperative principles. It is like an automobile - when it develops trouble, you take it to the garage for repairs. Periodically , you check the tires, the oil, the battery, the water, and fill the tank with gas. You have places to go with your car. You're going somewhere with your co-op, too, so treat it with the same consideration you show your car. Check up on it once in a while. Is it paying an educational fund, is it treating members alike, is it extending credit?

CREDIT V.S. CASH TRADING

The extension of credit to its members has perhaps caused the downfall of more cooperatives than any other single factor. It is not so difficult to impress upon people the danger of doing a credit business, but it is difficult to get them to change the policy of their co-op to a strictly cash basis. The arguments are advanced that they have to have credit, that paying cash every time is inconvenient, and that the co-op will lose business.

Co-ops are organized to perform some particular function. We organize a co-op store to do business in groceries. A farm supply cooperative is set up to do business in the things we need to carry on our farm work. Extending credit is the same as lending money. Those co-ops are not organized to do a banking business and the people who manage them are not bankers. They are not hired for that purpose.

In a cooperative, all people are treated alike. But how can people be treated alike when a credit policy is followed? Some people will receive more credit than others, and some will receive none. Some will voluntarily pay cash; some people will not pay their bills. Not even a semblance of equity can be established under a credit system.

Extending credit decreases the amount of capital a co-op has with which to operate. When that happens, the co-op must make its purchases on credit. When the co-op is unable to pay cash for its purchases, it loses cash trade discounts of from 2 to 5 percent. Of course, this loss cuts down on the co-op's savings and is reflected in the individual's patronage savings.

When the co-op's capital is tied up in credit to its patrons, then, not only does it lose its cash discounts on purchases, but quite frequently, it must borrow money from the bank in order to operate. The interest it pays on loans like this also detracts from the savings of the company.

A credit business necessarily involves more expense in the way of additional help. There is more bookkeeping to do, more time spent, additional forms required, additional postage, all of which means less earnings.

Every year there are some people who do not pay their bills. The loss of those bills detracts from the patronage savings of those who have paid cash or have paid their bills. That isn't justice for all either.

When times are bad, it is extremely risky for a co-op to extend credit. Looking back through history, we see it is times like that when co-ops failed. Credit was extended and people couldn't pay their bills. Those people then started trading somewhere else. The co-op lost its bill, lost its patron, and went under. When times are good, there is no reason the members cannot pay cash and increase their cooperative savings.

If credit is needed, and frequently it is, people should organize credit unions. A credit union is a cooperative thrift and savings organization, which makes loans to its members at reasonable interest rates. The nucleus of a people's bank, it is a co-op set up to do business in money and credit. Don't make your supply and service cooperatives perform a function that is foreign to their nature. Make another tool to do that job - a credit union.

It is a fallacy that co-ops, changing from a credit to a cash basis, will lose business. It has been proven many times that they don't. Some co-ops, for the first year after the change, have lost a little volume, but it was only a temporary loss; and the savings were made up in reduced expenses. Within a short time, they were doing more and more business. Cash business encourages people to trade with the co-op. They know then that everyone is treated alike. The savings will be greater, and the people will be more anxious to participate as members of an institution that has a sound financial basis.

BUILDING & OWNING COOPERATIVELY

FARMERS UNION CO-OP
CROOKSTON, MINNESOTA
STOCK CERTIFICATE
THIS IS TO CERTIFY THAT JOHN DOE IS THE OWNER OF 3 SHARES OF STOCK IN THE FARMERS UNION CO-OP OF CROOKSTON, MINN. _____
_____
_____PRES.
_____SEC'Y

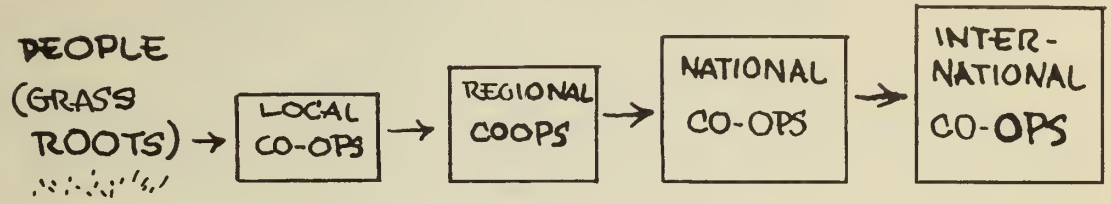
To start any business, cooperative or profit, money is required to purchase or rent buildings, to buy equipment and a stock of supplies and to get into operation. When a cooperative is organized, shares in it are sold to prospective members. Share may be set at any par value the cooperative decides. In many cases they are $10, $25, $50 or perhaps a $100. For this money which the member invests in the cooperative to help capitalize it, he receives a stock certificate which indicates how many shares he owns or how much equity he has in the association.

In a true cooperative, anyone may be a patron, even though he is not a stockholder or member. However, before he can receive any patronage refunds in cash he must be a member, so the earnings on his patronage must first go toward paying for a share of stock. When that is completely paid for the patron becomes a member or stockholder and receives a stock certificate indicating the amount of his ownership. This stock bears a fixed rate of interest which is paid each year.

Some people seem to think that because a stock certificate is not cash in their pockets it has little value. They don't seem to realize that when they put money in the bank they don't have it in their pockets either and that a certificate is the same as money in the bank. It represents the amount of ownership in the cooperative. The cooperative actually belongs to the member in joint ownership with the other members. And most cooperative By-laws provide that if a member ceases to patronize or if he moves from the community, the shares he owns will be purchased by the cooperative.

Often, instead of paying out patronage refunds in cash, a cooperative will issue additional shares of stock to its patrons. They do this upon the decision of the members at the annual meeting of the cooperative. In order to expand its facilities, to provide more services and increase the amount of savings to the members, the cooperative must continually be expanding. To do this it must have more capital to pay for such additions, and so it may retain part or all of the earnings according to the dictates of the members. Only thus do cooperatives build and continue to grow and fulfill the functions of cooperatives - service at cost.

WE BUILD FROM THE GRASS ROOTS . . .

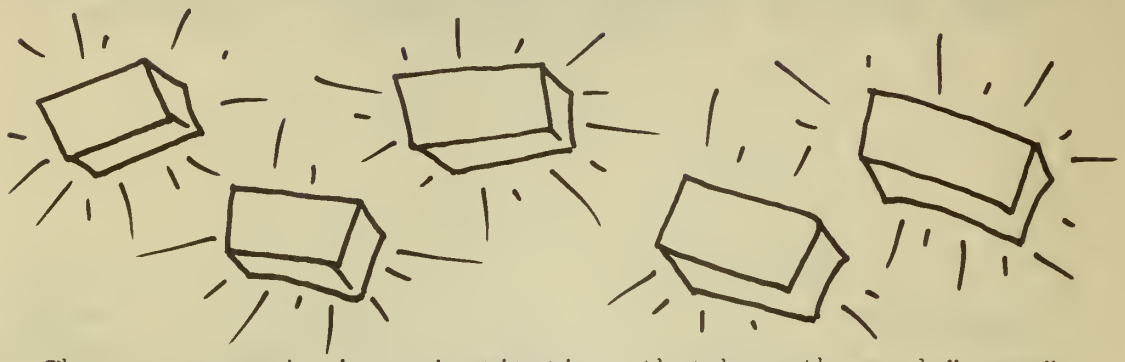


Democracy stems from the people and that's how our cooperatives are built. Down at the grass roots people organize local cooperatives to supply themselves with goods and services. Organized group action enables them to do this. But local cooperatives are but one step better than the individual, and if it is good for people to cooperate locally, then that reasoning is true all the way down the line. It is good then for local cooperatives to organize among themselves and set up cooperative wholesale which will supply their member cooperatives with the goods and services they will pass on to the individual members. This has been done in several instances.

These regional cooperatives have, in turn, cooperated with other co-op wholesales to purchase oil wells, refineries, and factories where they can produce their own supplies. Also they pool their purchasing power and buy items with the co-op label of high quality on them and at distinct savings.

This can be carried even further so that eventually we have international co-ops - people banded together in a "friendship bracelet around the world". And it all goes back to the individual, patronizing his cooperative, taking an active part in its affairs. The co-op all the way up the line - regional and national - are part of his business. He has a voice in them too that he must make heard through his local cooperative. And thus democracy works.

"ALL IS NOT GOLD THAT GLITTERS"



There are some business institutions that have the word "co-op" in their name but do not try to maintain even the semblance of a cooperative. Some of them are actually closed stock corporations, and the patron is often mislead into thinking he is patronizing a cooperative. In some states, there are laws prohibiting the use of the word except by bondafide cooperatives; but the practice has not been curtailed in most places.

In many towns you can see a nice neon sign, "co-op" hanging in front of an attractive gas station. But when you get the story of their operations, you find it is not a cooperative at all. They issue you a card, if you are a regular customer, and that card entitles you to a cent reduction in the price of gasoline, or else you receive a cent a gallon refund at the end of the year. It is a profit institution capitalizing on the word "co-op" and, in some cases, fooling the public and hurting the business of true cooperatives.

There are other ways too by which people are fooled. Especially is this so in rural areas where you find businesses with such names as: Farmers Produce Ass'n., Farmers Ass'n., Farmers Elevator Co., etc. Quite often you will find they are not cooperatives, but many people are fooled into thinking so.

Then, of course, you have institutions with the name "co-op" that are co-operatives but do not carry out the true purpose of a cooperative, which is to serve people. These are mere balance sheet institutions. However, there is the opportunity to change the policies of co-ops of this nature by a group of informed members digging in and using democratic methods to effect necessary changes.

The name, "co-op", tacked onto a business, does not necessarily carry cooperative ideals and principles with it. "All is not gold that glitters". Be sure of what you have in your community. Don't be fooled.

THE DOG MUST WAG THE TAIL

CO-OPS BELONG TO THE PEOPLE - NOT PEOPLE TO THE CO-OPS

See this dog and his tail? This could be likened to the relationship between people and their cooperatives. The tail belongs to the dog. The dog wags his tail. That is a normal function when the dog is healthy, happy, and feeling good. Let's remove the tail, and what do we have? Well, we still have a dog, although he has been injured by the loss of his tail. Well, what about the tail? Separated from the dog, the tail is of no value either to the dog or to itself.

The dog represents the people, and the tail the co-ops. Co-ops belong to the people just as the tail belongs to the dog. Co-ops grow from the people, and the people must control them. They must be used to promote the welfare of the people. The dog must wag the tail.

When people do not keep close tab on their co-ops; when they allow their co-ops to be run for them without maintaining control over their functions and purpose; then we run into the odd phenomenon of the tail wagging the dog. Is it possible? Not only possible, but it has already happened in some cases. It is possible whenever the people allow it. But we can prevent it by affiliating all our co-ops with the Farmers Union and thus maintain an educational program that promotes the welfare of people and build cooperative ideals and understanding upon a sound basis.

Sometimes too a flea will get on a dog's tail and irritate him. That makes the dog angry and he really goes to town on that flea. He bares his teeth and he makes life pretty miserable for the flea until Mr. Flea decides a change of residence is in order. That happens with our co-ops too. The people can turn on any individual or group who have become imbued with the idea the co-op is theirs. Through democratic processes, the people too can bare their teeth to this Mr. Flea and, if necessary, use those teeth so that he also decides it's time to move along.

YOUR MOST IMPORTANT MEETING

Your Local Meeting!

We have filled these pages with a discussion on cooperatives. Out in the country, we have built local cooperatives, and in the cities we have built huge cooperative wholesales, mammoth structures, buildings you can see and feel, housing things you can buy. And yet, the most important part of your Farmers Union is not a cooperative; it is not a legislative program: it is none of these things. The most important part is something you cannot see; you cannot hold it in your hands; it has nothing to sell. It is -- your Local.

That local is composed of people, you and your neighbors. It is people who must build cooperatives. It is people who must carry on an extensive educational and legislative program. It is people who will be unemployed, go hungry and eat out of garbage cans, and it is people who will revert to the days of 5¢ beef and 30¢ wheat, or else they will solve these problems. It is people, too. who fight wars, and it is people who must avert another war if we are to continue to exist as a world society.

Yes, your local meeting is the most important meeting you have. In it, you meet with your neighbors and discuss your problems. You talk about cooperatives or the need for them. You learn more about them and keep yourself informed through your local. You discuss legislative issues, the pro's and con's; and through democratic processes, you act on issues that concern people's welfare. You help to draft your State and National Farmers Union programs which work for the good of people. All the action you take stems from the Local. You inform yourself through education - then you put that education to work through the action programs of legislation and cooperation. That is how you put the wheels under your Local and keep it rolling along down the road to security for all people.

Your Farmers Union membership card is a ticket. It is a ticket on a train, the Farmers Union Rocket. You would not buy a railroad ticket and then throw it away, would you? No, you would use it.

ARE YOU USING YOUR TICKET?

"WE MUST HITCH THE EVERYDAY WAGON OF CO-OPERATIVE BUSINESS TO THE STAR OF A NEW SOCIAL ORDER..

By building cooperatives, we are condemning a system that is based upon profit, greed, and exploitation of our fellow men. In its place, we are building a system of doing business, a means of providing ourselves with some of the necessities and good things of abundant living, based upon brotherhood and fellowship.

But cooperation means much more than a method of doing business. It is a way of living. The foundation of cooperation is in the home. From the time we are babes until we are laid away, we must live with people, we must work with them, we must cooperate with them if we are to have a happy abundant life.

We must be concerned about other people and their welfare - in our community, in our nation and in other nations. It must matter to us whether every Hottentot child has a quart of milk a

*Quotation taken from the English cooperator, Fred Hall.

day or not, just as the children in our own land must be our concern. We must realize that only be getting along with other people and other nations, working with them and cooperating with them for the good of all, can we eliminate the threat of another dreadful war, which could very possibly be the last.

In August of 1945, a bomb fell on Hiroshima - an atomic bomb. That bomb blasted open the door to a new world. The reverberations of that terrific explosion said -- "One World or no World" - one world or total destruction. It is no longer a question of wanting to get along with people in order to build a world of peace, understanding and plenty. It isn't that simple anymore. It is a case of must.

To do this we must keep ever present in our planning and in our actions and in our relations with other people, a new social order, a society in which everything we do adds up to one thing - welfare of people. The human equation for providing people, all people. with the necessities for abundant living, must be followed.

Cooperation is a device we use to apply brotherhood to our business and our lives. We must build a new social order in which all people have security and abundance. The prerequisites of security and abundance are peace and brotherhood. Peace and brotherhood are spelled:

COOPERATION

OFFICERS TRAINING CONFERENCE

FOREWORD

This leaflet was prepared to serve as a guide for the Farmers Union state-wide Officer Training Conference. It contains some information, daily schedule, some ideas and suggestions.

This conference is for the sole purpose of bringing together a group of Farmers Union people with new ideas, and practical suggestions that can help solve our common Farmers Union problems. By co-operatively studying the many problems relating to this organization we can reach our common goal.

The workshop method will help us to determine the approach to problems that hinder our building a better Farmers Union. Each leader will contribute his part to create interest, stimulate action and in general help implement the tools we will use to build active locals, backbone of the Farmers Union.

You are invited to full participation during this conference. Kansas Farmers Union history is in the making and you are taking a part in that activity. Total co-operation is of utmost importance to the success of this great event, the fifth Officer Training Conference for the state of Kansas.

Out of the conference will come a better understanding for all of us to take home to our Locals, our Co-ops, and our families. This experience will be cherished in years to come and all the friends we make here will share lasting memories.

FIFTH ANNUAL CONFERENCE

FEBRUARY 5, 6, 7, 8 ST. MARYS, KANSAS

conference staff

Joe A. Riedel, Director - - - - - - - - - - - - - - - - Education Director
E. T. Fortune - - - - - - - - - - - - - - President, Kansas Farmers Union
C. E. Perkins - - - - - - - - - - - - - - - - Editor, Kansas Union Farmer
Regina Lenherr - - - - - - - - - - - - - - - Assistant Ecucation Director
Nadine Schultz - - - - - - - - - - Kansas Farmers Union Office Secretary

conference leaders

Stanley W. Vogt - -Assistant Education Director,National Farmers Union
Flossie Harris - - - - - - - - - - - Fieldworker, National Farmers Union
Eunice Heringer- - Secretary, Insurance Awards, National Farmers Union
Roy Crawford - - -Secretary-Manager, Farmers Union Jobbing Association
Arnold Snortland--Assistant Mgr., National Farmers Union Service Corp.
P.J. Nash - - - - Manager, Ellsworth County Farmers Co-operative Union
H.J. Yount - - - - - - Secretary, Kansas Industrial Union Council CIO
Dr. C.A. Richard - - - - - - - - - - - - Secretary, Kansas Co-op Council

SCHEDULE

8:30 -- 9:00 Assembly, singing, announcements

9:00 -- 9:45 KNOW YOUR FARMERS UNION - - - - - - - - - - - Bud Vogt
Monday
BUILDING FARMERS UNION - - - - - - - - - - - - Bud Vogt
Tuesday
TAKING FARMERS UNION HOME - - - - - - - - - - Bud Vogt
Wednesday

9:45 - recess

10:00 - 10:45 FARMERS UNION EDUCATION - - - - - - - - Flossie Harris
- - - - - - - -Eunice Heringer
Monday
FARMERS UNION INSURANCES - - - - - -Arnold Snortland
Tuesday
CO-OPS, TOOLS FOR FARMERS UNION - - - - - P.J. Nash
Wednesday

10:45 - recess

11:00 - 11:45 FARMERS UNION & REGIONAL CO-OPS - - - - Roy Crawford
Monday
FARM LABOR RELATIONS - - - - - - - - - - - - - Jim Yount
Tuesday
FARMERS UNION EDUCATION - - - - - - - - Flossie Harris
Wednesday

12:00 - Dinner

1:15 - 1:30 Assembly

1:30 - 2:15 FARMERS UNION -- FROM THE LOCAL TO THE NATIONAL

Monday

This period is to explain the structure and the functions of an active Local. To define the duties of these officers and the relationship from the local to the national. Also services and assistance available to the locals from the state and national.

Tuesday

Analysis of membership campaign, progress, methods, and techniques used, reports from other states.

2:15 - recess

2:30 - 3:15 ACTION GROUP PERIOD

Monday

Presidents
Vice-presidents
Secretaries
Program Directors
Reporters

Tuesday

Education Directors
Junior Leaders
Legislative Secretaries
Co-operative Secretaries
Membership Secretaries

3:30 Special Group Meetings to discuss specific jobs

4:30 Tour of Central Co-op Seed Corn Plant

8:00 Evening Program

AIMS and PURPOSES of this FARMERS UNION CONFERENCE

AIMS

a. Organize--bring together people with their different ideas

b. Discuss issues to reach a positive solution

c. Implement a co-operative spirit

PURPOSES

a. Stimulate people for action

b. Solve problems by available means -- Legislation, Education, Co-operation

c. Carry out Farmers Union program with determination

EDUCATION in the FARMERS UNION

Active Membership

a. Locate leadership to train for office in the locals

b. Prepare reading material for the members -- publicity

c. Stimulate interest in the local members

Building Farmers Union

a. Stress the importance of Action Officials in Locals

b. Increase our membership

c. Define relationship of the Farmers Union to the community

Farmers Union and Co-ops

a. Use Co-ops to a better economic advantage

b. Exercise voting privileges

c. Participate in Local and Regional Co-ops

An Effective Youth Program

a. Interest youth in Farmers Union work on the local level

b. Attend County Camps, State Camp, and All-States Camp

c. Absorb youth in all phases of Farmers Union activity

BUY! Buy What? FARMERS UNION INSURANCES